

FISCAL NOTE

SB 18 – HB 44

January 12, 2005

SUMMARY OF BILL: Provides for a special local allocation of the state sales tax where *property is owned by the Tennessee Valley Authority over which an easement has been given to the state of Tennessee and the state has leased its rights to a county for development.*

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures - \$8,250 One-Time

Increase State Revenues - \$8,250 One-Time

Increase State Expenditures - \$8,250 One-Time

Other Fiscal Impact – Forgone State Revenue – Exceeds \$500,000 Recurring

Assumptions:

- Shift of forgone state sales tax revenue estimated to exceed \$500,000 annually from the general fund, education fund, and municipal fund to a special fund to finance development in specified areas.
- No sales tax is currently collected in affected areas and project will not be undertaken unless this bill is enacted.
- Cost of software changes (estimated to be \$8,250), necessary to implement the provisions of this act, are paid to the Department of Revenue by Campbell County.
- Project cost is \$10,000,000 and would be financed over 30 years at a rate of 4.64% (national average for municipal bond rates according to Bloomberg News Service on 01/10/2005).
- Annual bond payment estimated to be \$620,000 per year (based on rate and term) paid through sales tax allocation.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director